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TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

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STADIS//////////

E.O. 11652: GDS

TAGS: XC

SUBJECT: WEEKLY STATUS REPORT -- THAILAND, INDONESIA,
MALAYSIA, BURMA AND SINGAPORE AFFAIRS

GENERAL

AID REVIEW OF FY 80 ASIA PROGRAMS - LOU

AID'S IN-HOUSE REVIEW OF ITS FY 1980 PROPOSALS TOOK PLACE
WITH DEP ADMIN NUTTER AND PPC ON AUGUST 8. THE FOCUS WAS
ON REGION-WIDE ISSUES, PROBLEMS, AND OVERALL FUNDING PLUS
PERSONNEL LEVELS. INDONESIA WAS GIVEN PARTICULAR
EMPHASIS WITH BRIEF MENTION OF THE PROPOSED INCREASE IN
THE THAI PROGRAM AND A POSSIBLE FUTURE BURMA PROGRAM.

THE EXPECTED DEBATE ON HUMAN RIGHTS DID NOT OCCUR PARTLY
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THROUGH EFFECTIVE HANDLING OF THE MEETING AND PARTLY
BECAUSE OF THE DEMONSTRABLY FAVORABLE TRENDS WHICH HA REPS
ACKNOWLEDGED. IN CONTRAST TO LAST YEAR, HA HAS ADOPTED THE
POSITION THAT IT IS AGAINST THE SIZE OF PROPOSED INCREASE
AND NOT THE FACT OF AN INCREASE. IN ESSENCE, NO DECISION
WAS REACHED, BUT THE PARAMETERS OF FUTURE DEBATES HAS BEEN
ESTABLISHED. ON THE OTHER HAND, THE DISCUSSION COULD BECOME

MOOT AS IT IS APPARENT THAT FUNDING AND PERSONNEL LIMITS ON

AID TO THE ASIAN REGION MAY BE THE KEY RESTRAINTS LIMITING INCREASES IN AID TO INDONESIA.

THERE WAS CONSIDERABLE DISCUSSION OF THE LEVELS OF PERSONNEL REQUIRED ADEQUATELY TO SERVE THE COUNTRY PROGRAMS WITH EMPHASIS ON ECONOMIZING PERSONNEL. PPC SUGGESTED THAT ON INDONESIA AN ATTEMPT BE MADE TO PRESENT STAFF REQUIREMENTS FOR A FUNDING LEVEL LESS THAN THE 156 MILLION DOLS REQUESTED BY THE MISSION, PERHAPS AT ABOUT A 120 MILLION DOLS LEVEL.

INDONESIA

HIGH LEVEL MEETINGS ON LNG AND OTHER ENERGY ISSUES - CONF

AS YOU KNOW, MINISTERS WIDJOJO AND PRAWIRO AND PERTAMINA'S GENERAL HARYONO MET AUGUST 7 WITH SECRETARY SCHLESINGER AND YOU. THE MEETING WAS PREDICTABLY CAUTIOUS WITH U.S. SIDE EMPHASIZING BOTH THE USG APPROVAL OF THE PROJECT IN PRINCIPLE AND THE OUTSTANDING ESCALATOR AND SITING ISSUES STILL TO BE RESOLVED. THE ROLE OF LNG IN THE FUTURE US ENERGY PICTURE WAS ALSO REVIEWED, AND IT WAS MENTIONED THAT SIGNIFICANT EXPANSION OF US UTILIZATION OF LNG BEYOND PROJECTS NOW UNDER CONSIDERATION IS NOT LIKELY. CONFIDENTIAL

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HARYONO AND OTHER PERTAMINA OFFICIALS HAD FURTHER MEETINGS IN STATE ON AUGUST 8 WITH EA, BE/FSE AND DOE OIL IMPORT SPECIALISTS. THERE WAS A BRIEF REVIEW OF THE LNG SITUATION AND DOE OFFICIALS PRESENTED TABLES (BEING POUCHED TO JAKARTA), WITH THEIR PROVISIONAL FORECASTS OF CALIFORNIA'S FUEL REQUIREMENTS AND INDONESIAN EXPORT TRENDS TO THE US. DOE SEES AN UPTURN IN INDONESIAN SALES IN THE LATTER PART OF 1978, BUT BY 1985 A CHANGE IN REFINERY BALANCE TO GIVE MORE EMPHASIS TO UTILIZATION OF US "SOUR" CRUDES.

THE INDONESIANS GAVE MIXED REVIEWS TO THE AUGUST 7 PRESENTATION, ON LNG AND AT LEAST INITIALLY WIDJOJO WAS VERY GLOOMY ABOUT PROSPECTS FOR EVENTUAL US AGREEMENT TO PERMIT LNG IMPORTS. WE WILL BE WAITING FOR FURTHER RETURNS ON HOW AND WHETHER THE GOI WISHES TO CONTINUE TO PLAY THE WAITING GAME, OR IF THEY WILL TURN TO THEIR OTHER POSSIBLE PARTNERS, MAINLY JAPAN.

THAILAND

CREDENTIALS

AMB. ABRAMOWITZ PRESENTED HIS CREDENTIALS ON AUGUST 9.

AMERICAN MISSIONARIES ARRESTED IN CHIANG MAI - LOU

THE ARREST ON AUGUST 31 OF FOUR AMERICAN MISSIONARIES IN CHIANG MAI HAS AROUSED THE CONCERN OF SEVERAL CHURCH GROUPS IN THE US AND CAN BE EXPECTED TO RAISE CONGRESSIONAL CONCERN AS WELL. WE HAVE RECEIVED SEVERAL PHONE CALLS ON BEHALF OF THE MISSIONARIES AND ARE DRAFTING A REPLY TO A LETTER TO THE DEPUTY SECRETARY ON THE CASE. THE ARREST OF THE FOUR MEMBERS OF THE WELL-KNOWN MORSE FAMILY (WHICH HAS BEEN WORKING WITH UPLAND PEOPLE IN CHINA, BURMA, AND

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THAILAND FOR OVER FIFTY YEARS) MAY ALSO BE THE OPENING OF A CONCERTED THAI EFFORT TO LIMIT THE ACTIVITIES OF FOREIGN MISSIONARIES WORKING WITH HILLTRIBES IN NORTHERN THAILAND.

THE CHARGE AGAINST THE FOUR MORSE MEN, WHO ARE NOW FREE ON BAIL OF 50,000 DOLS, IS ILLEGAL LOGGING ON THAI NATIONAL RESERVE FOREST LAND NEAR A TRIBAL VILLAGE WHERE THEY HAD BEEN WORKING ON A PRIVATE AGRICULTURAL DEVELOPMENT PROJECT.

THE ARRESTS AND SENSATIONAL PRESS COVERAGE COME AT A TIME WHEN THERE IS INCREASING SENSITIVITY TO THE ACTIVITIES OF THE FOREIGN MISSIONARIES IN THE HILLS OF THE NORTH. FOR MANY YEARS FOREIGN MISSIONARIES WERE ABOUT THE ONLY OUTSIDERS WHO WORKED WITH HILLTRIBE GROUPS IN THAILAND. NOW AS THE RTG STARTS TO EXTEND ITS OWN ACTIVITY IN THE HILLS, MISSIONARY DEVELOPMENT PROJECTS ARE SEEN TO COMPETE WITH THAI PROJECTS. IN ADDITION, MANY RTG OFFICIALS BELIEVE THAT CONVERSION TO BUDDHISM IS AN IMPORTANT FIRST STEP TOWARDS THE INTEGRATION OF THE TRIBAL GROUPS INTO THAI SOCIETY.

THIS SITUATION WARRANTS OUR CONTINUING ATTENTION ON ITS MERITS AND ALSO BECAUSE OF THE ATTENTION THAT COULD BE DRAWN TO OUR PROPOSED ECONOMIC INTEREST IN HIGHLAND AGRICULTURAL DEVELOPMENT AND CROP SUBSTITUTION PROGRAMS.

ALLEGATIONS OF THAI MISTREATMENT OF CAMBODIAN REFUGEES -LOU

WE HAVE LEARNED THAT JACK ANDERSON IS PLANNING TO PUBLISH A COLUMN SOON ON ALLEGED THAI MISTREATMENT OF CAMBODIAN REFUGEES IN THAILAND. SIMILAR CHARGES ARE BEING MADE IN LETTERS TO A NUMBER OF CONGRESSMEN. THE CHARGES IN THE CONGRESSIONAL LETTERS APPEAR GROSSLY EXAGGERATED AND

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INCLUDE ALLEGATIONS OF MURDER. WE HAVE ASKED BANGKOK FOR COMMENT.

SINGAPORE

AMBASSADOR KNEIP - UNCLASSIFIED

AMBASSADOR KNEIP PRESENTED HIS CREDENTIALS AUGUST 7.

MALAYSIA

MALAYSIAN VISITORS - LOU

THE DEPUTY KING OF MALAYSIA (SULTAN OF PAHANG), THE SULTANA, AND AN ENTOURAGE OF 25 OTHERS PLAN A PRIVATE VISIT TO THE US FROM AUGUST 17-31. THE PARTY WILL BE IN WASHINGTON FROM AUGUST 27-29. WE HAVE REQUESTED APPROPRIATE COURTESIES UPON THE DEPUTY KING'S ARRIVAL.

THE MALAYSIAN MINISTER OF WORKS AND PUBLIC UTILITIES AND PRESIDENT OF THE MALAYSIAN CHINESE ASSOCIATION (A NATIONAL FRONT PARTNER) IS IN THE US FOR A TWO WEEK PRIVATE VISIT.

BURMA

BURMA AND THE IFI'S - CONF/STADIS

WE BELATEDLY LEARNED DURING THE PAST TWO WEEKS THAT US EXECUTIVE DIRECTORS OF THE IBRD AND THE IMF HAD BEEN INSTRUCTED TO MAKE CRITICAL COMMENTS ON BURMESE ECONOMIC PERFORMANCE. WE LEARNED OF THE COMMENTS IN THE CONTEXT OF A "YES" VOTE ON THE IBRD PADDY II PROJECT ONLY AFTER THE FACT. AN ATTEMPT TO CHANGE THE INSTRUCTIONS FOR A LATER VOTE ON AN IMF STANDBY INCREASE FOR BURMA WAS NOT COMPLETELY SUCCESSFUL, AND A "YES" VOTE WAS AGAIN ACCOMPANIED BY QUALIFIED CRITICISM OF THE BURMESE ECONOMY. THESE POSITIONS
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WERE REACHED BY TREASURY AND EB WITHOUT ADEQUATE CLEARANCE WITH THE BUREAU. WE ARE PREPARING A MEMORANDUM CRITICIZING THE LACK OF COORDINATION AND WAYS TO AVOID IT IN THE FUTURE. BURMA IS AN EXAMPLE OF THE NEED FOR FULL ATTENTION TO THE POLITICAL IMPLICATIONS NOT ONLY OF IFI DECISIONS BUT STATEMENTS.

US AID PROGRAM - CONF/STADIS

AID HAS RESPONDED NEGATIVELY TO A REQUEST BY THE GUB FOR USE OF PL-480 SURPLUS (KYATS) IN AN AIRPORT RUNWAY EXTENSION PROJECT. THE PROJECT DOES NOT APPEAR TO RELATE TO BASIC HUMAN NEEDS, AND WOULD BE LOW ON OUR LIST OF ECONOMIC ASSISTANCE POSSIBILITIES EVEN WITHOUT THE CONGRESSIONAL REQUIREMENT. APPARENT HIGH-LEVEL INTEREST IN THIS PROJECT IS PROBABLY THE RESULT OF A WORD FROM PRESIDENT NE

WIN RATHER THAN A RATIONAL RANKING OF BURMA'S ASSISTANCE NEEDS. AS YOU KNOW, WE HOPE TO BE ABLE TO OFFER A MODEST US ECONOMIC ASSISTANCE PROGRAM TO THE BURMESE IN THE NEAR FUTURE. PROJECT SELECTION WOULD BE BASED ON THE FINDINGS OF AN AID TEAM WHICH VISITED RANGOON IN MAY AND HELD EXTENSIVE DISCUSSIONS WITH EMBASSY AND GUB OFFICIALS ON POSSIBLE US DEVELOPMENT ASSISTANCE.

NARCOTICS - CONF/STADIS

THE SECOND OF TWO KEY GUB OFFICIALS WITH WHOM THE EMBASSY HAS DEALT IN NARCOTICS CONTROL COOPERATION, PEOPLE'S POLICE FORCE DIRECTOR GENERAL U SHWE THAN, HAS BEEN SHIFTED TO ANOTHER POSITION. EARLIER THIS YEAR, OUR KEY NARCOTICS CONTACT IN THE BURMA ARMY, DIRECTOR OF DEFENSE SERVICE INTELLIGENCE (DDSI) COL. MYO AUNG, WAS ALSO TRANSFERRED. CONFIDENTIAL

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IN ADDITION, THE GUB HAS INDICATED THAT THE NEW DDSI DIRECTOR AND OTHER SENIOR NARCOTICS OFFICIALS WILL NOT BE ABLE TO VISIT THE US ON AN ORIENTATION TOUR THIS YEAR BECAUSE OF PRESS OF BUSINESS. IT IS NOT CLEAR WHETHER THESE DEVELOPMENTS ARE RELATED OR COINCIDENTAL. VANCE

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